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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

July 19, 2016

Mr. Stan Perks  
BLM State Offices  
440 West 200 South #500  
Salt Lake City, UT 84101

Subject: Memorandum of Agreement (MOA), American Gilsonite Corporation, Tom Taylor Mine, S/047/0065 Uintah County, Utah

Dear Stan:

Thank you for meeting with the Division of Oil, Gas and Mining (OGM) on July 12, 2016 to discuss drafting an MOA for this permit. Attached is a draft copy of the agreement that was sent to you via email on July 14, 2016 for your review and comment. Please note the areas highlighted in yellow contain information that needs clarification from you.

Once we receive the agreement back from you with your edits, we will finalize the document and provide a copy to you for your records. Thank you again, Stan. We appreciate you working with us to move forward on this permit.

Sincerely,

Paul Baker  
Minerals Program Manager

PBB:aa:pb

Enclosure: MOA-Tom Taylor Mine S/47/0065

cc: Penny Berry, pennyberry@utah.gov

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**American Gilsonite Corporation**  
**Tom Taylor Mine Bond Agreement**

**Agreement between the Utah Division of Oil, Gas and Mining (OGM) and the Utah State Office of the Bureau of Land Management (BLM) bonding instrument for the American Gilsonite Corporation, Tom Taylor Mine, OGM Permit S/047/0065, BLM Federal Lease UTU 0122694**

American Gilsonite Corporation has submitted to the BLM five-year U.S. Treasury Notes as reclamation surety and BLM royalty surety. Since the BLM has accepted the reclamation surety without mutual agreement by OGM, this agreement satisfies the operator's requirement to maintain reclamation bonding under the Utah Mine Reclamation Act (UCA 40-8-14). Both agencies agree that the reclamation surety in the amount of \$11,512 (escalated to 2015 dollars) is sufficient to reclaim the land affected by mining operations under the BLM approved mine plan dated May 30, 2006.

SURETY FORM: U.S. Treasury Notes, Five Year  
DOLLAR AMOUNT: \$11,512  
FORMS COMPLETED: BLM form 3504-1  
BLM BOND ACCEPTED DATE: JUNE 26, 2006

OGM and BLM Agree:

- The BLM and OGM will consider this agreement as if they were co-beneficiaries on the bond held by the BLM, and if surety forfeiture is deemed necessary by the State of Utah, OGM will send BLM a certified copy of the hearing and request that the necessary action take place in accordance with UCA 40-8-14 (6)(c).
- The BLM is administering the reclamation surety of \$11,512 (2015 dollars) and also has \$69,596 that is not reclamation surety and is intended for the BLM, for which the terms of this agreement do not apply. The BLM may require additional surety for any activities or performance not regulated by OGM.
- The reclamation surety will continue to be administered by the BLM. Any adjustments to the reclamation surety will be administered by the BLM. OGM may request an adjustment in the surety. The BLM will adjust the surety if approved by the BLM. At any time the operator may replace the reclamation surety and have either agency administer the reclamation surety. The form and amount of surety used as replacement must be approved by both OGM and the BLM.
- The BLM will not release the reclamation surety until the BLM has received written consent of OGM in accordance with the procedures and requirements of the Utah Mined Land Reclamation Act and associated rules, as amended. An OGM inspection report will be provided to the BLM and the OGM Director will provide written consent for release of the reclamation surety.
- OGM will notify the BLM if the permit fails for any reason. If failure occurs, the BLM will take appropriate action.
- The U.S. Treasury Notes will mature on April 30, 2011, at which thirty days prior to maturity, the terms of this agreement may be reviewed.
- The BLM will copy the Division on all documentation pertaining to administration of the reclamation surety.
- The BLM agrees to communicate to OGM information including changes to the reclamation plan, operation plan, cost estimates, and any other pertinent information regarding the OGM permit M/047/0065 and BLM UTU 0122694. As of the date of this agreement, the previous operator Zeigler Chemical Corporation has reclaimed the mine and capped all the shafts on this permit. One of the shafts was not reclaimed to the satisfaction of the BLM and OGM and may require additional measures. For all other areas, the vegetation liability remains in place.